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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

VF12-3-02

OMB APPROVAL	
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12/8/02 FV

REPORT FOR THE PERIOD BEGINNING 06/15/01 AND ENDING 09/30/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Perryman Securities, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

12221 Merit Drive, Suite 1725

(No. and Street)

Dallas

Texas

75251

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cheshier & Fuller, L.L.P.

(Name - if individual, state last, first, middle name)

14175 Proton Rd.

Dallas

TX

75244

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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THOMSON
FINANCIAL

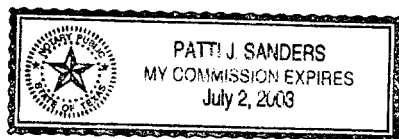
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2)

12/9

OATH OR AFFIRMATION

I, William D. Perryman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Perryman Securities, Inc., as of September 30, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



William D. Perryman
Signature

President
Title

Patti J. Sanders
Notary Public

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditor's report on internal control

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

PERRYMAN SECURITIES, INC.

REPORT PURSUANT TO RULE 17a-5(d)

FOR THE PERIOD FROM
JUNE 15, 2001 (INCEPTION) TO SEPTEMBER 30, 2002

PERRYMAN SECURITIES, INC.

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Cheshier & Fuller, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SEC PRACTICE SECTION OF AICPA
TEXAS SOCIETY OF CERTIFIED
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INDEPENDENT AUDITOR'S REPORT

To the Stockholder
Perryman Securities, Inc.

We have audited the accompanying statement of financial condition of Perryman Securities, Inc. as of September 30, 2002, and the related statements of income, changes in stockholder's deficit, changes in liabilities subordinated to claims of general creditors, and cash flows for the period from June 15, 2001 (inception) to September 30, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Perryman Securities, Inc. as of September 30, 2002, and the results of its operations and its cash flows for the period from June 15, 2001 (inception) to September 30, 2002 in conformity with U. S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


CHESHER & FULLER, L.L.P.

Dallas, Texas
October 21, 2002

PERRYMAN SECURITIES, INC.
Statement of Financial Condition
September 30, 2002

ASSETS

Cash	\$ 97
Securities owned	<u>13,612</u>
	<u>\$ 13,709</u>

LIABILITIES AND STOCKHOLDER'S DEFICIT

Liabilities

Federal income taxes payable	\$ 21
Accrued interest payable	<u>1,518</u>
	<u>1,539</u>

Liabilities subordinated to claims of general creditors – related party	<u>14,500</u>
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Stockholder's deficit

Common stock, 1,000,000 shares authorized with \$.10 par value, 10,000 shares issued and outstanding	1,000
Retained earnings (deficit)	<u>(3,330)</u>

Total stockholder's deficit	<u>(2,330)</u>
	<u>\$ 13,709</u>

The accompanying notes are an integral part of these financial statements.

PERRYMAN SECURITIES, INC.
Statement of Income
For the Period From June 15, 2001 (Inception)
to September 30, 2002

Revenues

Commissions	\$ 70,568
Unrealized gains (losses) on Firm investment account	(3,433)
Dividend income	<u>45</u>
	<u>67,180</u>

Expenses

Interest expense	1,518
Regulatory fees and expenses	19,543
Other expenses	<u>49,428</u>
	<u>70,489</u>

Loss before income taxes	(3,309)
Provision for federal income taxes	<u>(21)</u>
Net loss	<u>\$ (3,330)</u>

The accompanying notes are an integral part of these financial statements.

PERRYMAN SECURITIES, INC.
Statement of Changes in Stockholder's Deficit
For the Period From June 15, 2001 (Inception)
to September 30, 2002

	<u>Common Stock</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balances at June 15, 2001	\$ -0-	\$ -0-	\$ -0-
Sale of common stock	1,000		1,000
Net loss	_____	____(3,330)	____(3,330)
Balances at September 30, 2002	<u>\$ 1,000</u>	<u>\$ (3,330)</u>	<u>\$ (2,330)</u>

The accompanying notes are an integral part of these financial statements.

PERRYMAN SECURITIES, INC.
Statement of Changes in Liabilities Subordinated
to Claims of General Creditors
For the Period From June 15, 2001 (Inception)
to September 30, 2002

Balance, at June 15, 2001	\$ -0-
Increases	14,500
Decreases	<u>-0-</u>
Balance, at September 30, 2002	<u>\$ 14,500</u>

The accompanying notes are an integral part of these financial statements.

PERRYMAN SECURITIES, INC.
Statement of Cash Flows
For the Period From June 15, 2001 (Inception)
to September 30, 2002

Cash flows from operating activities

Net loss	\$ (3,330)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:	
Unrealized loss on Firm investment account	3,433
Change in assets and liabilities	
Increase in federal income taxes payable	21
Increase in accrued interest payable	<u>1,518</u>
Net cash provided (used) by operating activities	<u>1,642</u>

Cash flows from investing activities

Purchases of marketable securities	<u>(17,045)</u>
Net cash provided (used) by investing activities	<u>(17,045)</u>

Cash flows from financing activities

Sale of common stock	1,000
Subordinated borrowings	<u>14,500</u>
Net cash provided (used) by financing activities	<u>15,500</u>
Net increase in cash	97
Cash at beginning of period	<u>-0-</u>
Cash at end of period	<u>\$ 97</u>

Supplemental schedule of cash flow information

Cash paid during the period for:

Interest	<u>\$ -0-</u>
Income taxes	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

PERRYMAN SECURITIES, INC.
Notes to Financial Statements
September 30, 2002

Note 1 - Summary of Significant Accounting Policies

Perryman Securities, Inc. (the "Company") was formed June 15, 2001 and became effective as a broker-dealer registered with the National Association of Securities Dealers (NASD) in December 2001. The Company operates under (SEC) Rule 15c3-3(k)(1), (the Customer Protection Rule), limiting business to the distribution of mutual funds and/or variable life insurance or annuities. The Company's customers are located throughout the United States.

Marketable securities owned are carried at quoted market value. The increase or decrease in net unrealized appreciation or depreciation of securities is credited or charged to operations.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. The provision for federal income taxes differs from the expected amount using statutory rates because certain expenses included in the determination of net income are non-deductible for tax reporting purposes.

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

At September 30, 2002, the Company had net capital of approximately \$10,086 and net capital requirements of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .15 to 1. The Securities and Exchange Commission permits a ratio of no greater than 8 to 1 in the first year of operations.

Note 3 - Possession or Control Requirements

The Company does not have any possession or control of customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (S.E.C.) Rule 15c3-3(k)(1) by not holding customer funds or safekeeping customer securities.

PERRYMAN SECURITIES, INC.
Notes to Financial Statements
September 30, 2002

Note 4 - Related Party

An affiliated company has agreed by contract to furnish office space, various items of personal property, and various general and administrative services to the Company. Expenses incurred with the affiliate under this contract through September 30, 2002, were \$40,943 and are reflected in other expenses.

The Company and the affiliate are under common control and the existence of that control creates operating results and financial position significantly different than if the companies were autonomous.

Note 5 - Subordinated Borrowings – Related Party

Borrowings under subordination agreements at September 30, 2002 are as follows:

Subordinated note to shareholder – 10%, due February 1, 2005	\$ 5,000
Subordinated note to shareholder – 10%, due April 1, 2005	5,000
Subordinate note to shareholder – 10%, due October 1, 2005	<u>4,500</u>
	<u>\$ 14,500</u>

The subordinated borrowings are covered by agreements approved by the National Association of Securities Dealers, Inc. and are thus available in computing net capital under the S.E.C.'s uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934
As of September 30, 2002

Schedule I

PERRYMAN SECURITIES, INC.
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of September 30, 2002

COMPUTATION OF NET CAPITAL

Total stockholder's deficit qualified for net capital		\$	(2,330)
Add:			
Liabilities subordinated to claims of general creditors			<u>14,500</u>
Total capital and allowable subordinated liabilities			12,170
Deductions and/or charges			<u>-0-</u>
Net capital before haircuts on securities positions			12,170
Haircuts on securities (computed, where applicable, pursuant to rule 15c3-1(f))			
Other securities	\$ 1,649		
Undue concentration	<u>435</u>		<u>(2,084)</u>
Net capital		\$	<u>10,086</u>

AGGREGATE INDEBTEDNESS

Items included in the statement of financial condition			
Federal income taxes payable		\$	21
Accrued interest payable			<u>1,518</u>
Total aggregate indebtedness		\$	<u>1,539</u>

Schedule I (continued)

PERRYMAN SECURITIES, INC.
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of September 30, 2002

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (12 1/2% of total aggregate indebtedness)	<u>\$ 192</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	<u>\$ 5,000</u>
Net capital in excess of required minimum	<u>\$ 5,086</u>
Excess net capital at 1000%	<u>\$ 9,932</u>
Ratio: Aggregate indebtedness to net capital	<u>.15 to 1</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

The following serves to reconcile material differences in the computation of net capital under Rule 15c3-1 from the Company's computation.

Net capital, as reported in Company's (unaudited) Focus report	\$ 11,646
Increase (decrease) due to adjustments for:	
Allowable subordinated borrowings	(1,518)
Haircut difference	<u>(42)</u>
Net capital per audited report	<u>\$ 10,086</u>

Schedule II

PERRYMAN SECURITIES, INC.
Computation for Determination of Reserve Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission
As of September 30, 2002

EXEMPTIVE PROVISIONS

The Company has claimed an exemption from Rule 15c3-3 under section (k)(1).

Independent Auditor's Report

On Internal Control

Required By SEC Rule 17a-5

For the Period From
June 15, 2001 (Inception) to September 30, 2002



Cheshier & Fuller, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SEC. PRACTICE SECTION OF AICPA
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS
CPA AMERICA INTERNATIONAL
AN AFFILIATE OF HORWATH INTERNATIONAL

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WWW.CHESHIER-FULLER.COM

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL REQUIRED BY SEC RULE 17a-5

Board of Directors
Perryman Securities, Inc.

In planning and performing our audit of the financial statements and supplemental information of Perryman Securities, Inc. (the "Company"), for the period from June 15, 2001 (inception) to September 30, 2002, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives.

Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U. S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control, including control activities for safeguarding securities, that we considered to be a material weakness as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at September 30, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



CHESHER & FULLER, L.L.P.

Dallas, Texas
October 21, 2002